

May 21, 2002

The Honorable Mayor and City Council
City of Riverside, California

The City of Riverside continues to be a community that embraces a well-defined history while moving aggressively into the early 21st Century. The foreseeable future of Riverside is one of optimism and promise.

The City, its partners, and its residents continue to foster strong neighborhoods while creating programs that serve all people regardless of age, color or economic status. Generating partnerships with business, industry, schools and government agencies provides meaningful opportunities to create programs that better serve the citizens of Riverside.

Economic development is a major focus in our aging, but largely built out, City. Our marketing activities, economic studies, and strategic priority setting over the past year have positioned us well to take advantage of upcoming development opportunities. The City's diverse economic development program includes the creation of a thriving Downtown, the revitalization of the Riverside Plaza, the attraction of high paying jobs to the City, and the rapid, but well planned, growth and development at the University of California, Riverside.

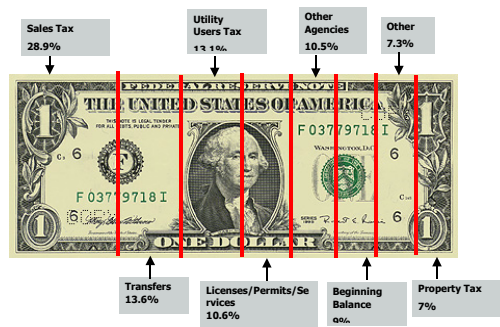
Public Safety affects our neighborhoods, our economic vitality, and nearly all other facets of community life, especially in light of the national focus on security and public safety. That is why a major emphasis in this year's budget has been well staffed and well trained public safety employees. We strive daily for responsive, respectful and effective Police and Fire Departments. Community policing is also a top priority in our police department.

All of these elements have been considered in the development of the preliminary budget.

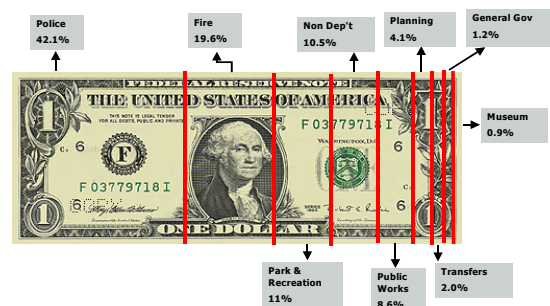
FY 2002/03 Preliminary Budget

The preliminary budget for FY 2002/03 totals \$523.7 million, a 1% increase from the Final FY 2001/02 budget. The City's General Fund totals \$142.6 million, an 8.5% increase from the prior year, including transfers. Increases in the General Fund are described in greater detail later but can mainly be attributed to negotiated employee salary and benefit increases.

Where It Comes From - FY 2002/03



Where It Goes - FY 2002/03



The City has been able to build a healthy Economic Contingency Reserve Fund of 14.1% of the General Fund budget, or \$19.7 million, over the past few years to protect us from any fluctuations in revenue we may experience due to economic uncertainties.

As we look to the future, General Fund expenditures are projected to continue to outpace revenues. Therefore, in order to sustain these program enhancements, the Council will need to be cognizant about how future requests to add or expand services will impact the City's financial position. General Fund revenues, including transfers, budgeted for FY 2002/03 total \$131,317,765, a less than 1% increase from the prior year. This amount reflects conservative revenue estimates and a projected slow down in building activity in the City. It is important to note that the City's financial picture, at this point, shows expenditures outstripping revenues for the next few years.

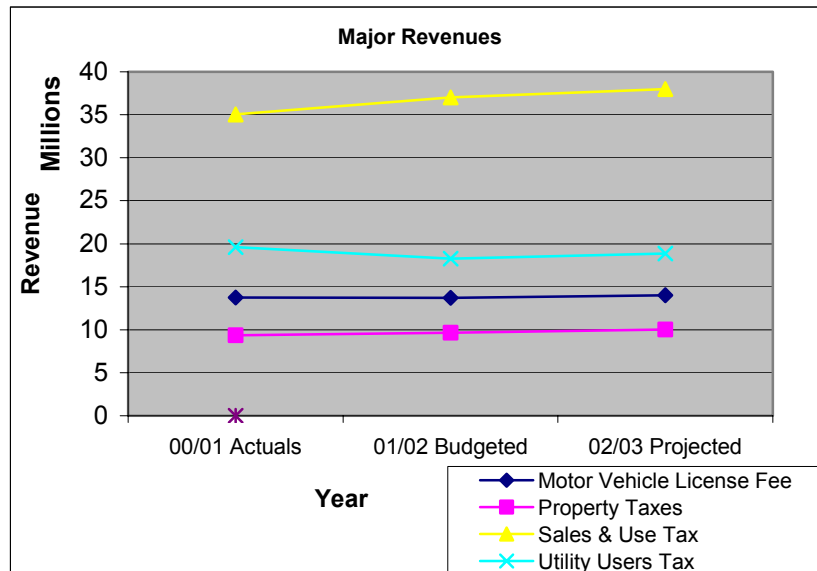
Capital Projects approved in the six-year Capital Improvement Program for FY 2001/02 through FY 2006/07 have been incorporated into the budget unless otherwise noted.

Utilities Rate Increase

Public Utilities is proposing a three-year electric rate increase, as well as an increase to its water and electric fees. With the exception of the public benefits charge, Riverside's last electric rate increase was in 1993--although costs have increased significantly since then. This rate increase is necessary to fund known cost increases and maintain the financial stability of the utility. The required public hearing will be held on May 16, 2002. If approved, electric rates would increase by an overall 3.4% (\$2.18 per month for the average residential customer using 500 kWh of electricity) beginning November 1, 2002, with additional increases of 2-3% on November 1, 2003 and 2004.

State Budget

With a looming \$20 billion deficit for next fiscal year, cities across the state are concerned that one of the remedies that will be considered by a desperate state legislature is a cutback to the Vehicle License Fee backfill. In 1998, the state reduced the amount of Vehicle License Fees charged to the state's motorists in light of the burgeoning state surplus. Since much of that revenue comes back to local governments, the state also promised to "backfill", or pay back, the cities and counties for what they would have received had the tax not been reduced. The backfill totals \$3.7 billion annually across the state for cities and counties. For Riverside, a loss of the VLF revenue means a loss of \$14 million



annually, our third largest revenue source. With the state facing this massive deficit, cities across the state remain guarded about the future of this revenue. In December 2001,

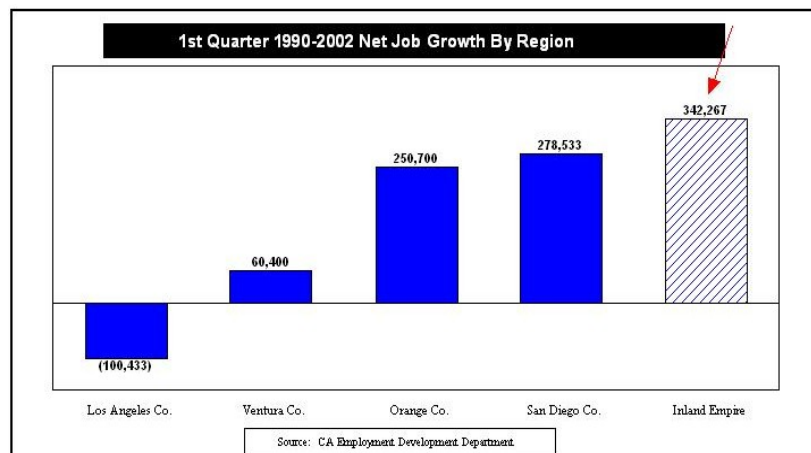
Governor Davis assured local governments that he would not “balance the budget” on their backs. However, the deficit has grown by \$6 billion since then, and we remain watchful about events in Sacramento.

Citizen Input

For the past five years, the City of Riverside has participated in a citizen survey mailed to randomly selected households throughout the City. The survey results dovetail neatly into the City's Managing for Results initiative, which seeks to focus government on the outcomes of its work. Although city governments might readily measure and track the inputs and direct outputs of our daily work, overall results are often elusive, or not measured on a systematic basis. Since the goal of government work is to make a positive impact on the community, citizen ratings of how well we are doing are crucial. This year, we have been able to incorporate citizen survey ratings into the budget decision-making process.

Economic Outlook

Despite a national “recession”, which was incidentally only one quarter of actual negative growth, the Inland Empire region has survived the current economic situation quite well. As



a region, we have added jobs at three times the pace of the State of California. In December 2001 alone, our region added jobs while the state overall lost 94,700 jobs. In Southern California, our region has been the leader in job creation. This last year saw job growth as 7th best in regional history.

Western Riverside County is expecting a dramatic growth in jobs, population, industry, and housing. The City of Riverside is the leader in the Inland Empire in almost every indicator of economic power. We have, by far, the largest population in the region, the highest number of jobs, the highest assessed valuation, and the most amount of office space, among other things. However, at the same time, we are ranked 20th in median income, 18th in median new home price, and 2nd in the percentage of rental and vacant units.

As Los Angeles and Orange Counties become overburdened, and as commuters tire of the daily commute, regional projections show dramatic growth in the areas stated above. The City has employed the services of Dr. John E. Husing of Economics & Politics, Inc. to devise a comprehensive economic development strategy so that we can assure that this growth is well managed. Dr. Husing has presented the City with a report on current demographic, economic and quality of life data, an analysis of that data, and a strategy for proceeding with a comprehensive economic development strategy, which was adopted by the City Council in February 2002.

On a local economic level, we are confident of the City's overall ability to sustain itself and eventually overcome this period of economic uncertainty. However we, as a City, are still

vulnerable to the national and state economy. The State's budget crisis, continued fluctuations in oil and energy prices, and potential public safety threats due to the nation's ongoing war on terrorism mean that the City's revenue streams are vulnerable.

Strategic Initiatives

Riverside 2010

"Riverside 2010" began in January 2000 and was conceived as a vision, accountability and leadership transformation process that utilizes the principles of "High Performance Organization" (HPO) and "Managing For Results" (MFR).

Under the HPO model, our Executive Leadership Team (comprised of the City Manager, Assistant and Deputy City Managers, and Department Heads) in conjunction with second tier employees has developed Citywide Vision, Mission, and Leadership Philosophy Statements. These, together with Core Individual and Organization Values, were published for the first time last year. To further transmit the concepts of HPO to all levels of the organization, quarterly Leadership Forums are held. In these forums, midlevel management employees, department heads, and other staff meet to discuss various issues that may have arisen during their own implementation efforts.

Under the Riverside 2010 program, we have also implemented our Managing for Results (MFR) program. Over the course of the past two years, all seventeen city departments have formulated or revisited their mission statements, organized departments into programs, defined program goals and outcome measures, broken down programs into a series of activities that comprise the program, and identified performance measures to support all of the above. As we conclude FY 2001/02, we are seeing data collection mechanisms being put in place and the performance measures being incorporated into a variety of reporting mechanisms and decision making systems, supported by audit procedures, to demonstrate the quality of our services to the citizens of Riverside. For FY 2002/03, we are seeing the measures are being published in the budget document for the first time.

Community Visioning

On February 5, 2002, the City Council approved the commencement of a community visioning effort prior to the update of City's General Plan.

We embarked on this exciting project to develop a vision, a clear and cogent direction for its future that is built through consensus and agreement from people who represent the entire community. This strategic visioning plan will be a "road map" to the future of the community, helping to direct and coordinate future actions over the course of the next twenty years. As part of this broad-based vision effort, the City seeks to develop consensus on community goals and policies to guide the continuing development of the City. Such a plan will serve as guide with key principles to help the community realize the vision and strengthen collaboration among the wide range of community stakeholders.

Measure C

On March 5, 2002 the citizens of Riverside approved Library Ballot Measure C by a two-thirds vote. Measure C provides for a special parcel tax of \$19 per parcel, for the duration of ten years, with revenues restricted for library purposes. The Library will receive an estimated \$1.2 million revenue per year, for each of ten years, which will be used to increase public library service hours and after school programs for children, and which will provide matching

funds to establish the City of Riverside's eligibility for State of California Library Construction and Renovation Bond funds.

Technology Replacement Program

Last year, we realized that in many cases, technological advances were far outpacing many departments' purchases of new technology. In order to guard against working with obsolete equipment, and thus not serving our public well, we established a Citywide, regular replacement program of specific technologies. Departments are now charged a "rental" fee for each computer in their department in order to fund the replacement of future computers. The following items are included in our new Technology Refreshment Program: Desktop PCs (including the monitor and CPU components), Laptop computers, Routers, Hubs, LAN and WAN components, and other portable technology devices.

Energy Retrofit Program

We begin this year having concluded our Citywide Energy Retrofit Program. Since 1996, the City has embarked on a four-phase program designed to reduce energy consumption at public facilities, as well as to find a way to finance long-term needed facility improvements. Concluding this program in January 2002 has meant that nearly every City facility has received some sort of energy upgrade. We have also been able to finance the entire program (as well as additional improvements) through the savings generated by the projects. We are proud to say that the results of the program have meant a reduction in energy consumption at City facilities in sufficient amounts to power over 3,000 homes for one year!

New City Website

In an effort to provide timely information, make City government more accessible and present a progressive vision of Riverside, the City is updating its website. Many forms and applications are now available on-line and individual departments have been trained and are able to provide timely and useful information to the public. The City will continue to strive to serve its constituents via the website as new technologies and innovations become available and cost effective.

Customer Service Initiatives

With a heightened focus on customer service citywide as a result of our Riverside 2010 program, a team was established just to address various customer service issues. This team has allowed us to restate and "re-internalize" our primary reason for existence - SERVICE. The use of this team has brought about the use of Mystery Shoppers, HR & Finance Internal Customer Surveys, and new customer service training options. For the future, this team is considering a Quarterly Customer Service Report, expansion of City Intranet access for employees, an Administrative Policy on Customer Service, and a revamped Employee Recognition Program.

Public Utilities provides a good example of the City's renewed focus on customer service. The department has had a widely publicized and successful rebate campaign providing residential and business rebates for a variety of energy saving appliances and methods. They have also expanded their customer service telephone hours of operation to make it easier for customers to contact the department about billing and service issues. Lastly, they sponsored "free swimming" at all of the City's swimming pools by providing funds to cover the entrance fees in August 2001 in order to help reduce the demand for electricity in light of the energy crisis last summer.

FY 2002/03 Preliminary General Fund Budget

The proposed General Fund budget, excluding transfers, is \$139.7 million. Transfers to the Library Fund and Refuse Fund total \$2.9 million, resulting in total General Fund requirements of approximately \$142.6 million. The General Fund budget and transfers represent an \$11.2 million increase (+8.5%) over FY 2001/02. The primary reasons for this increase include negotiated salary increases and program enhancements, which will enable the City to adequately respond to the needs of the public. Outlined within the next section are a few of the significant changes in expenditures.

The General Fund provides general services such as police, fire, parks, recreation, libraries, street maintenance, planning, animal control, among other services, and is funded with general tax and fee-related revenues. The primary sources of revenue include sales and use tax, property tax, utility users tax, state collected revenues, fees for services rendered, and transfers from the Electric and Water Funds.

The General Fund revenues are projected to be \$111,676,765 next year, which is a \$582,305 (less than 1%) decrease from the prior year. While most revenues are experiencing moderate, but steady growth, the reduction in revenues is mainly due to a projected slow down in building activity in the City.

This year we are proposing that the transfer from the Electric Fund will be 9% (\$14,973,000) of operating revenues for FY 2002/03, the same rate as the prior year. We will continue to monitor the transfer rate to ensure the viability of our Electric Utility. The Board of Public Utilities has supported this level of transfer.

Including transfers, the General Fund estimated revenues total \$131.3 million.

Expenditure Summary by Council Priority

Approximately \$2.2 million in new funding has been included in the FY 2002/03 General Fund Budget to further implement the City Council priorities. Some of the major program enhancements include:

- **Improving neighborhood livability**
 - \$146,000 was added on July 24, 2001 when the City Council provided additional funding for the **Museum's** Focus on Kidz program.
 - \$156,000 was added to the **Park and Recreation** Department's budget for landscape maintenance to cover the costs of 22 new acres of reverse frontage and medians in order to ensure an aesthetically pleasing environment.
 - \$10,000 was added to the **Park and Recreation** Department to support a variety of programs, including the Rookie Ball baseball program, the PRIME Time program, and the establishment of a Roller Hockey League at Arlington Park in order to promote the city's commitment to enriching the life of its youth.
- **Improving community policing and public safety**
 - \$1.5 million was added to the **Police** Department's budget. This figure includes funds approved by City Council last November for a large-scale reorganization to meet the demands of the Attorney General's Stipulated Judgment and for technology enhancements. Additionally, funds to cover the costs of two motorcycle officers have been inserted into the base budget in

order to increase productivity and traffic enforcement coverage throughout the city.

- \$17,409 was added to the **Fire** Department to continue the Flashover/Backdraft training, Flammable Liquids training, and Fire and Emergency Television Network Satellite programs.
- \$55,918 was added to the **Fire** Department to ensure the regular replacement of required safety gear.
- \$38,200 was added to the **Fire** Department for MDC/MDT computers and Traffic Signal Preemption Devices.
- \$107,098 was added to the **Fire** Department in order to enhance the span of control at the Battalion Chief level.
- **More Effective communication with the public**
 - \$73,723 was added to the **City Clerk/Records** Management Program for restoration and preservation of the City's historic municipal archive, dating back to the early 1800s. This project also includes scanning of all documents to make them accessible electronically.
 - \$13,534 was added to the **Office of the Mayor** for adding 0.12 FTE to the existing Intergovernmental Affairs Officer position, raising that position to full time with full benefits.
 - \$3,500 was added to the **Planning** Department's budget for betterments and improvements to the front counter on the third floor. This improvement is aimed at enhancing communication with the department's customers.
 - \$11,225 was added to the **City Manager's Office** to include a 0.5 FTE Management Assistant position in the Office of Management and Budget for performance auditing.
 - \$14,500 was added to support the League of California Cities' Grassroots Network.

CENTRAL SERVICE FUND (102)

The Central Services Fund includes those departments that serve the City's operating departments. The Central Service departments are Finance, Human Resources, Information Systems and Administrative Services. The proposed Central Services Fund budget of approximately \$25,413,104 reflects an increase of \$915,141 (+3.7%). In addition to negotiated salary and benefit increases, the following additions are included:

- \$91,285 was added to the **Finance** Department for the addition of one (1) FTE Principal Management Analyst position.
- \$58,904 was added for 1.0 FTE Building Services Project Assistant to assist the **Administrative Services** Department with project management.

DEVELOPMENT FUND (170)

The Development Fund includes the administrative expenses for Development, Housing, Economic Development and administration of the Redevelopment Project areas. The proposed Development Fund budget of \$4,313,215 reflects an increase of \$234,312 (+5.7%).

- \$101,206 was added to the **Development** Department for one Senior Project Manager position to increase the City's ability to respond to Redevelopment/Development needs.

LIBRARY FUND (210)

The Library Fund is responsible for operation of the Central Library and the La Sierra, Marcy, Arlington and Casa Blanca branch libraries. The proposed Library Fund budget of \$6,349,231 reflects an increase of \$1,042,785 or (+19.7%). On March 5, 2002, the citizens of Riverside approved Library Ballot Measure C by a two-thirds majority vote. Beginning October 2002, Library hours will be expanded by 23.5%, necessitating an increase of \$380,128 for an additional 13.0 FTE positions, and \$178,206 in non-personnel expenses. In addition, \$230,000 has been allocated for the purchase of 0.55 acres of Redevelopment property for the new Arlington Branch Library. The expanded Library hours and property purchase have a combined impact of \$788,334 on the Library Fund.

The General Fund transfer of \$2.6 million is necessary to balance the Library Fund budget. Due to the moderate revenue growth that property taxes are currently experiencing, this level of support is needed in order to enhance the Library's current work program and continue to maintain current service levels.

ELECTRIC FUND (510)

The Electric Fund budget as proposed totals \$228,778,156 and reflects a decrease of \$26,253,809 (-10.3%) from the amount approved in FY 2001/02. This decrease is mainly due to a reduction in power purchases and a lower amount expended for capital improvement projects this fiscal year.

WATER FUND (520)

The Water Fund budget, as proposed, totals \$46,482,942, representing a decrease of \$6,315,163 (-12%) from the amount approved in FY 2001/02. This decrease is mainly due to a lower amount being expended for capital improvement projects this fiscal year.

REFUSE FUND (540)

The Refuse Fund is used to record revenues and expenses associated with the provision of residential refuse service within the City. The City currently provides about 70% of the residential service while the private sector provides the remaining 30%. All of the commercial refuse service is provided by the private sector and none of those revenues and costs are recorded in the Refuse Fund.

The proposed Refuse Fund budget of \$11,950,612 represents an \$894,927 increase from FY 2002/03. The increase is mainly due to negotiated salary and benefit increases and an increase in Refuse Disposal Fees.

SEWER SERVICE AND PROJECTS FUNDS (550 & 551)

The Wastewater Treatment plant provides residential and commercial treatment services for the City, and the Jurupa, Rubidoux and Edgemont Community Service Districts. The proposed Sewer and Sewer Project Fund budgets of \$34,506,810 reflect an increase of \$8,862,225 (+35%).

The Cogeneration project that uses methane gas from the landfill supplemented by natural gas to produce the electricity needed to operate the Wastewater Treatment Plant was completed in early FY 2001/02.

AIRPORT AND SPECIAL AVIATION FUND

The proposed Airport and Special Aviation Funds budget remains basically unchanged at \$930,287.

Capital Projects

The six-year Capital Improvement Program totals \$391,381,873. Projects for FY 2002/03 amount to \$65,248,345. Of the six-year Capital Improvement Program, 51% represents Electric and Water Utility projects and 27% represents transportation-related projects, including both street and traffic signal projects.

Major projects included in this year's CIP are:

- Various municipal building and facility improvements
- Improvements to the Riverside Convention center, Municipal Auditorium and Downtown Mall
- Rehabilitation projects at Hunt, La Sierra, Reid, and Villegas Parks
- Enhanced security and facility preservation projects at the Municipal Airport
- Creation of a GIS based Sewer Master Plan, Solids Handling Upgrade, Secondary System Upgrade, and Tertiary Filter Valve Repair/Replacement
- Storm Drain compliance projects
- Street Improvements at Market Street, Van Buren Boulevard, Second Street and at various railroad crossings in the City
- New traffic signals at 5 locations in the City and modifications to 9 others
- Major electric and water system improvements
- Construction and Xonon retrofit of the Springs Generation Project
- Construction of the Casa Blanca Energy Demonstration Center
- Design and construction of a new 10 million gallon water storage reservoir
- Construction of spillway improvements at the Mockingbird Canyon Dam
- Design and construction of various replacement water distribution mains
- Construction of over 5 miles of water transmission mains to blend water
- Rehabilitation of the Riverside Canal
- New pipeline crossings under the BNSF and UP railroad tracks

Future Challenges

Over the last 25 years, property tax revenues as a percentage of total General Fund revenues fell from 15% to 7%. State and Federal Aid to cities has also seen a sharp reduction due to a decline in local government influence over those funding sources. Statewide, we've seen aid drop from 21% to 13% in 26 years. All of these cuts in revenue have meant either cuts in services, or increased reliance on other revenue sources, like sales and use tax.

An article in the LA Times last summer pointed out that most cities do not even budget for the State restorations because the receipt of that money has been so unpredictable. It typically can be the first thing to be cut from the State's budget in tight financial times. The Governor has so far committed to retaining the VLF backfill to cities, but when the state faces an ever-increasing budget shortfall, uncertainty remains.

Conclusion

We would like to thank the Office of Management & Budget, the Finance Department, and the Departmental Budget Coordinators for their dedicated teamwork, excellent budget skills, and long hours worked to coordinate and produce the budget document.

Our primary budget goal is to implement the City Council priorities while contributing to the enhancement of a city of lively, attractive and safe communities, in which people can enjoy living, recreating and working together. As you consider the FY 2002/03 budget proposal over the next two months, the choices you make will guide Riverside toward an even higher quality of life for our residents, businesses, students and employees. We look forward to assisting you in your deliberations.

Respectfully submitted,

Lawrence E. Paulsen
Interim City Manager

Table of changes in proposed funding for specific operating funds:

FUND	2001/02	2002/03	CHANGE	% CHG
General Fund	128,725,112	139,724,181	10,999,069	8.5%
Development	4,078,903	4,313,215	234,212	5.7%
Library	5,306,446	6,349,231	1,042,785	19.7%
Comm Dev Blk Grant	3,659,000	3,536,000	-123,000	-3.4%
Electric ¹	239,457,319	213,805,156	-25,652,163	-10.7%
Water	49,885,527	43,514,942	-26,253,809	-10.3%
Refuse	11,055,685	11,950,612	894,927	8.1%
Sewer Service	20,346,622	21,800,610	1,453,988	7.1%
Sewer Projects	4,747,963	10,148,200	5,400,237	114%
Airport Funds	930,628	930,287	-341	0%

Changes in proposed funding by various categories Citywide, all funds:

EXPENSE CATEGORY	2001/02	2002/03	CHANGE	% CHG
Personnel	141,829,110	158,552,653	16,723,543	11.8%
Non-Personnel	249,383,055	230,973,523	18,409,532	7.4%
Equip. Outlay	8,262,713	6,148,830	-2,113,883	-25.6%
Capital Imp.	55,707,030	60,513,988	4,806,958	8.6%
Special Projects	24,201,579	25,734,055	1,532,476	6.3%
Debt Service	50,618,650	53,789,417	3,170,767	6.3%
Chgs. Fr. Others	49,084,867	54,065,410	4,980,543	10.1%
Chgs To Others	(62,278,038)	(66,052,055)	3,774,017	6.1%
Totals	516,808,966	523,725,821	6,916,855	1.3%

¹ Includes Fund 511 for the Public Benefits Surcharge Fund

Our Elected Officials



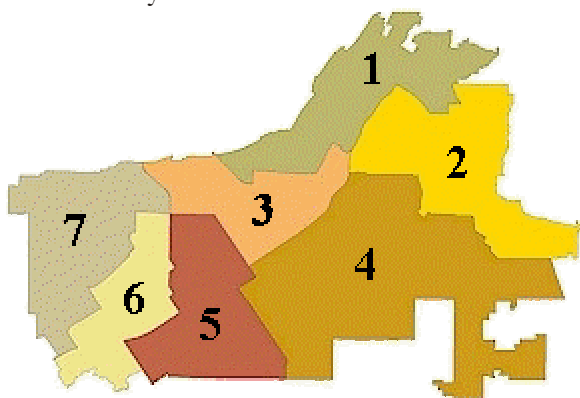
Mayor
Ronald O. Loveridge



Ward 1
Chuck Beaty



Ward 2
Ameal Moore



Ward 3
Joy Defenbaugh



Ward 4
Frank Schiavone



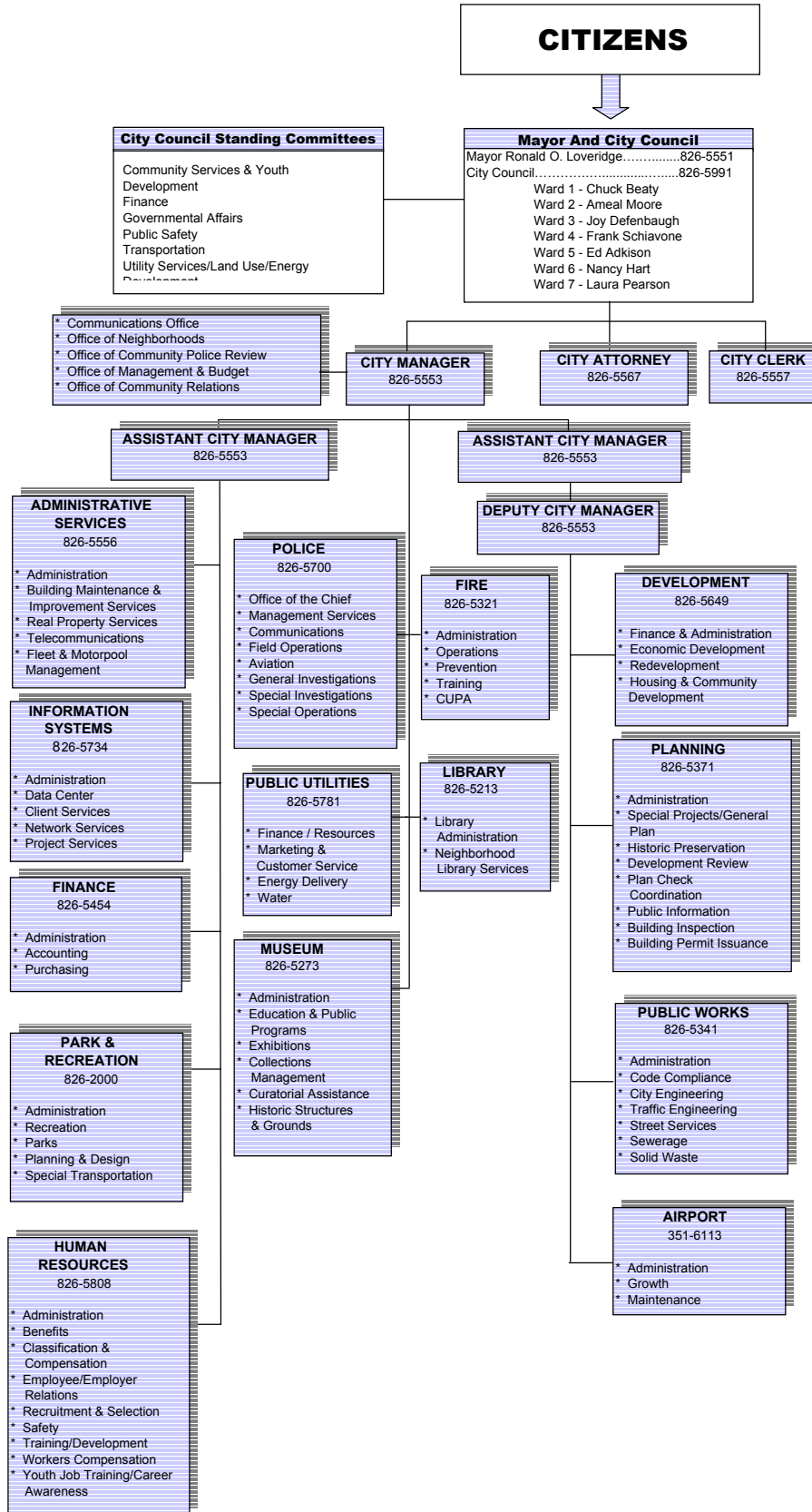
Ward 5
Ed Adkison



Ward 6
Nancy Hart



Ward 7
Laura Pearson





Vision, Mission, Values and Leadership Philosophy

Vision

The City of Riverside establishes cooperative partnerships, identifies opportunities for enhancing services, and creates an open environment making Riverside a quality city of choice.

Mission

Our mission is to provide a broad range of quality municipal services for all to enjoy: a safe, diverse, and livable community.

Leadership

We believe Riverside employees want to excel. We will create a learning environment that maximizes the potential of each person. We are guided by our values and motivated by pride in our work. We are committed to working as a team with entrepreneurial spirit.

Vision, Mission, Values and Leadership Philosophy



Core Values

Individual Values

Integrity/Credibility: We seek to earn the public's trust and the trust of one another.

Commitment to service: We put our constituents first. We facilitate, enable, and problem solve.

Performance Accountability/Recognition: We set measurable performance goals and conduct performance reviews in a timely and effective manner.

Inclusiveness/Diversity: We appreciate the uniqueness of each individual. We treat each person within the organization and the larger community with respect and dignity.

Loyalty: We identify ourselves with pride as part of the City organization. We advance the goals of the organization with our every action.

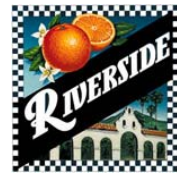
Organizational Values

Innovation/Continuing Improvement: We are dynamic in meeting the community's changing needs. We strive for excellence and timeliness in the quality of our work.

Teamwork: We form effective work groups that maximize resources and deliver high quality services. We listen to each other and give honest feedback.

Customer focus: We communicate regularly with our customers to determine their satisfaction with our performance.

MANAGING FOR RESULTS



Background

The City of Riverside has made significant progress toward implementing a comprehensive performance management system that is expressly designed to make the City more accountable than ever before. This Managing for Results (MFR) performance management program aims to focus a government's decision-making, planning, and program activity on the outcomes of its work. MFR employs the concepts of performance measurement in order to track and measure success toward attaining the mission, goals and objectives of individual departments and overall council priorities. In adopting good practices of performance measurement, government demonstrates to their customers—the citizenry—its commitment to effective, accountable, and responsive governance.

The City of Riverside's Managing for Results program accomplishes these important tasks:

- Improved information on how well the city is achieving its mission and priorities
- Higher level service quality and outcomes
- Informed resource allocation decisions and context for budget discussions
- Enhanced program design and activity planning
- Accountability to elected officials and the public
- Increased trust of the public in their government

The City's commitment to measuring and reporting its performance is consistent with recommendations from the Government Finance Officer's Association (GFOA), the International City and County Management Association (ICMA), and the Governmental Accounting Standards Board (GASB).

Components of Managing for Results

The Managing for Results performance management system consists of strategic and program planning, measuring, monitoring and analyzing, budgeting, and reporting. The City currently strives to strengthen its performance in each component, especially its strategic and program planning efforts. During this past year, the city leadership has redefined its citywide mission statement and formulated vision, values and leadership philosophy statements. Council priorities were clearly delineated and inter-departmental working groups established to formulate consolidated and targeted action plans.



City departments began intensive work on their own departmental missions and program goals to ensure high alignment with these priorities and the Citywide mission, vision, and

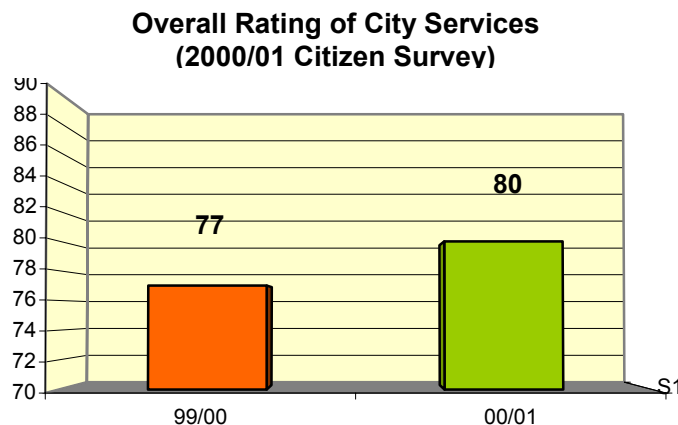


MANAGING FOR RESULTS

values. Once direction was established, the City set out to measure the extent to which its current service delivery efforts and programs were advancing the City's strategic vision.

Measuring for Results

The City gathers performance information from a variety of sources. One important resource for outcome information is the Annual Citizen Survey, which the City has been conducting for four years. The Citizen Survey intends to elicit feedback from the city residents on a number of city services and programs. The survey results provide the City departments with data on whether a department's programs are succeeding or failing—at least from the viewpoint of its customers. Although city governments might readily measure and track the inputs and direct outputs of their daily work, overall results are often elusive, or not measured on a systematic basis. Since the goal of government work is to make a positive impact on the community and the citizenry, ratings on how well we are doing this are crucial.

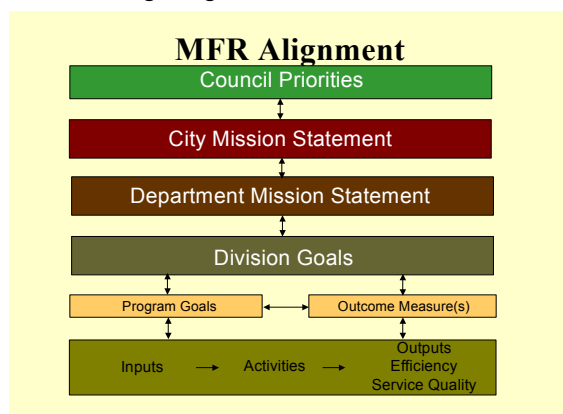


A number of departments have also initiated internal and/or user surveys that aim to obtain feedback from a more narrowly defined audience on specific programs, such as the performance of Human Resources on behalf of City employees or adult users of recreation programs. The City has also participated in ICMA's Comparative Performance Measurement Project for nearly five years now. This project enables a number of City departments to systematically collect data, conduct long-term trend analyses, and annually compare results with local governments across the country.

Implementation

An important feature of the City of Riverside's Managing for Results system is its focus on service areas, or activities, within each departmental program, which allows management and elected officials to have deeper access to the cost drivers of the organization. Activity-based budgeting, one of the ultimate aims of the performance management effort, ensures

alignment of council priorities, department missions, program goals, and performance data, including the more customer-focused service quality and outcome measures.



In the Fall of 2000, the City of Riverside contracted a consultant to lead a series of training workshops with the intention of training future trainers in the art of measuring performance and using this information to improve management practices.

MANAGING FOR RESULTS



Departmental budget coordinators and other program managers were selected to participate in the workshops and become departmental MFR coordinators.

In one year's time, 18 city departments developed mission statements and program goals, identified groupings of activities by which program goals are attained, and delineated a family of performance measures—input, output, efficiency, service quality and outcome—for assessing progress made toward achieving the goals. This milestone coincided with the kickoff of the development of the 2002/03 budget. Departments collected data on selected performance measures for FY 2000/01, made estimations for the current FY 2001/02, and set targets for the upcoming FY 2002/03. A selection of these performance measures appear throughout this budget document.

These data were employed in discussions of a strategic nature during budget discussions and, despite the fact that the system was still in its infancy, guided important budgetary decisions. It is expected that during the following year's budget development process, city management will rely even heavier on the information provided by its performance management system.

Reporting Performance Information

Using and reporting the performance information is probably the most important stage of the process. In order to ensure that reporting takes place in a systematic and coherent fashion, the City has created a MFR Reporting System, which consists of the following:

Monthly Performance Report Cards are designed to enhance internal management monitoring.

Quarterly Performance Report (formerly known as the Quarterly Activity report) provides performance information to city management and elected officials.

PERFORMANCE MEASUREMENT REPORT						
Department		Fire Department				
Mission Statement		The mission of the Fire Department is to protect life, property and the environment within the City through proactive life safety, community education and emergency service programs utilizing responsible fiscal management, a highly trained workforce, progressive technology and modern equipment. We do this in order to				
Program	Program Outcome/Activity	Performance Measure	2000/01 Actual	2001/02 Estimated	2002/03 Target	2003/04 Target
Admission rates	Program Outcome	% of managed savings target achieved	2%	2%	2%	
	Fiscal Management	% of monthly budget analyses completed prior to the 15th day of the following month	95%	95%	100%	
		% of employee evaluations conducted within scheduled timeframes	20%	11%	20%	
	Grants Management	# of grant applications	6	8	10	
		% of grants applied for awarded	60%	75%	75%	
	Fire investigation	# of fires investigated	121	144	N/A	
		% of grant applications received	40%	72%	N/A	
	Customer relations	% of customer complaints resolved	100%	100%	100%	
CRIM	Program Outcome	Internal incidence rate	N/A	438	N/A	
	Internal incidence review	% of internal incidents reviewed	N/A	100%	100%	
		% of internal incident reviews leading to discipline, cost recovery or education	N/A	4%	20%	
	Business Emergency Plan Review	# of BEP Periodic Reviews issued	735	790	790	
		% of BEP periodic reviews prepared within established timeframes	100%	100%	100%	

Annual Performance Report: (forthcoming) will provide annual performance information to a broad distribution list.

Other city publications where performance information will appear is the *Annual Budget Document* and the *Riverside Report* (city newsletter/park and recreation guide).